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10
11 **UNITED STATES DISTRICT COURT**
12
13 **NORTHERN DISTRICT OF CALIFORNIA**

14
15 TARI LABS, LLC,
16 Plaintiff,
17 v.
18 LIGHTNING LABS, INC.,
19 Defendant.

20 Case No. 3:22-cv-07789-WHO

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22 **JOINT CASE MANAGEMENT
23 STATEMENT AND RULE 26(F)
24 REPORT**

25 Date:
26 Time:
27 Judge: Hon. William H. Orrick
28 Courtroom: Via Zoom videoconference

1 Pursuant to Federal Rule of Civil Procedure 26(f), Plaintiff Tari Labs, LLC (“Plaintiff” or
 2 “Tari Labs”) and Defendant Lightning Labs, Inc. (“Defendant” or “Lightning Labs” and, together
 3 with Plaintiff, the “Parties”) hereby submit the following joint discovery plan and proposed
 4 schedule.

5 On February 21, 2023, counsel for the Parties met and conferred via telephonic conference
 6 pursuant to FRCP 26(f), at which time counsel for the Parties discussed the case and jointly
 7 prepared this Report, addressing the issues identified in FRCP 26(f)(3).

8 **I. JURISDICTION AND SERVICE**

9 The Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338. The
 10 Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1337. Defendant does not contest
 11 jurisdiction. All Parties have been served.

12 **II. FACTS**

13 **A. Plaintiff’s Statement of the Case**

14 Plaintiff Tari Labs LLC (“Tari”) is a technology company that is developing an innovative
 15 open-source blockchain platform called TARI® on which users will be able to create, buy and sell
 16 a wide range of digital assets. Plaintiff owns the federally registered trademark TARI® and brings
 17 this action against its competitor, Defendant Lightning Labs to remedy and enjoin Defendant’s
 18 adoption of the name “TARO” for its open-source digital assets blockchain based protocol. Tari
 19 alleges Federal Trademark Infringement under 15 U.S.C. § 1114; Trademark Infringement under
 20 California Common Law; and Unfair Competition under Cal. Bus. & Prof. Code, § 17200 *et seq.*).
 21 Plaintiff believes Defendant’s TARO protocol is likely to cause confusion among developers and
 22 consumers of digital assets and such conduct by Defendant threatens to create both actual and
 23 reverse confusion. Plaintiff avers that the parties compete in the same digital blockchain
 24 ecosystem, provide similar, and in some instances, identical, goods and services, market to similar
 25 developers and users, and will appear on the same blockchain-related platforms and applications.
 26 Plaintiff further alleges that Defendant’s infringement is willful.

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1 **B. Defendant's Statement of the Case**

2 Lightning Labs is a software development company focused on building open-source
 3 software infrastructure for sophisticated Bitcoin software developers. Among several other
 4 projects aimed at helping to bring financial freedom to the world, Lightning Labs, in collaboration
 5 with external software developers, is developing TARO, an open-source software protocol that
 6 developers will be able to use to create new digital assets, like stablecoins, on the Bitcoin
 7 blockchain. TARO was announced in April 2022 and, in September 2022, Lightning released the
 8 initial code for TARO on the Bitcoin test network as an open-source protocol. "TARO" is an
 9 acronym for "Taproot Asset Representation Overlay" and evokes "Taproot," the Bitcoin
 10 technology that made the protocol possible. The name is also a reference to the root vegetable taro,
 11 which is also a common food in Nigerian cuisine, which made it meaningful to Lightning's
 12 Nigerian-born co-founder.

13 Tari Labs' claims fail because there is no likelihood of confusion between TARO and any
 14 goods produced by Tari Labs under the TARI mark. Although both Tari Labs and Lightning Labs
 15 are in the general "crypto" space, Tari Labs is a very different company developing a very different
 16 technology under a different name. Because the TARO protocol is built on Bitcoin, it cannot be
 17 used on the Monero blockchain on which Tari Labs is developing, or any other TARI-branded
 18 blockchain, and is not designed to interact with any software Tari Labs is developing in any way.
 19 Further, ordinary consumers (as opposed to sophisticated software developers) will not likely see
 20 references to Lightning's TARO protocol at all (just as they are not likely to see references to
 21 SMTP protocol, which makes email possible). Nor will TARO ever appear in the same channels of
 22 trade as TARI-branded products, which appear to still be in the development process on an entirely
 23 separate blockchain, and which are intended for a consumer (*i.e.*, non-developer) audience. In any
 24 event, developers and consumers alike are accustomed to paying careful attention to the name of
 25 blockchain projects and are not easily confused, even by superficially similar names—such as
 26 TARI, TARA, ATARI, TAKI, and TARO, all of which are currently in use in the crypto space by
 27 non-parties.

28

1 Lightning Labs intends to explore a number of affirmative defenses in discovery, including
 2 that Tari Labs may have no valid rights in the TARI mark or trademark registration. Tari Labs
 3 does not appear to be using the TARI mark in commerce, and Tari Labs' website disclaims
 4 ownership or control over the TARI protocol. Tari Labs also purports to have been assigned its
 5 TARI registration by another legal entity, though the assignment agreement appears to be defective
 6 under 15 U.S.C. § 1060(a)(1) because no business assets were transferred along with the intent-to-
 7 use assignment.

8 **III. LEGAL ISSUES**

9 The Parties agree that the principal legal issues in this matter are whether: "(1) Plaintiff has a
 10 protectible ownership interest in the mark; and (2) that the defendant's use of the mark is likely to cause
 11 consumer confusion." *Rearden LLC v. Rearden Com., Inc.*, 683 F.3d 1190, 1202 (9th Cir. 2012)
 12 (citations omitted). The elements of trademark infringement, if proven, would also establish Tari Labs'
 13 claim for unfair competition. *See Monster Energy Co. v. BeastUp LLC*, 395 F. Supp. 3d 1334 (E.D. Cal.
 14 2019).

15 **IV. MOTIONS**

16 Other than Plaintiff's pending Motions for a Temporary Restraining Order and for a
 17 Preliminary Injunction, the Parties do not anticipate filing any additional motions in the near future.
 18 If this case proceeds past the pleadings, both Parties anticipate filing motions for summary
 19 judgment, motions *in limine*, and other appropriate pretrial motions.

20 **V. AMENDMENT OF PLEADINGS**

21 The Parties do not anticipate joinder of additional parties. Plaintiff is considering amending
 22 its complaint, and Defendant is considering whether to amend its answer to assert counterclaims.

23 **VI. EVIDENCE PRESERVATION**

24 The Parties have preserved evidence in their possession, custody, or control. The Parties have
 25 reviewed the Guidelines Relating to Discovery of Electronically Stored Information ("ESI
 26 Guidelines"), and have met and conferred pursuant to Fed. R. Civ. P. 26(f) regarding reasonable and
 27 proportionate steps taken to preserve evidence relevant to the issues reasonably evident in this action.
 28 While the Parties expect that some discovery will be in electronic form, the Parties do not currently

1 anticipate any issues relating to disclosure or discovery of electronically stored information. The Parties
 2 will continue to discuss whether and to what extent any additional steps may be necessary to ensure the
 3 preservation of relevant evidence.

4 **VII. DISCLOSURES**

5 The Parties have not served their initial disclosures but will do so by March 6, 2023, in
 6 accordance with the requirements of Fed. R. Civ. P. 26.

7 **VIII. DISCOVERY**

8 No discovery has taken place to date.

9 **A. Scope of Discovery.**

10 The Parties anticipate that the scope of discovery will encompass the factual and legal
 11 issues identified in Sections II and III above, and the requested relief discussed in Section XI
 12 below, including all related, ancillary, and subsidiary factual and legal issues and matters. The
 13 Parties' proposals regarding when discovery should be completed are set forth in the proposed
 14 schedule in Section XVI below.

15 **B. Protective Order**

16 The Parties will be producing confidential information requiring entry of a protective order
 17 in this action. The Parties intend to stipulate to a modified version of the Northern District of
 18 California model protective order for litigation. The Parties agree to meet and confer in good faith
 19 to reach agreement on the terms of a stipulated Protective Order, and will advise the Court if they
 20 are unable to resolve any disputed issues.

21 **IX. CLASS ACTIONS**

22 This case is not a class action.

23 **X. RELATED CASES**

24 There are presently no related cases of which the Parties are aware.

25 **XI. RELIEF**

26 **A. Plaintiff's Position**

27 Plaintiff seeks both injunctive and equitable relief. Plaintiff is unable to provide a meaningful
 28 damages estimate at this early stage in litigation but will be able to provide a damages estimate based

1 on its experts' counsel and once some preliminary discovery has been conducted. Plaintiff also seeks
 2 treble damages and its reasonable attorney's fees in accordance with 15 U.S.C § 1117, and punitive
 3 damages allowed by California or other law as a result of Defendant's oppression, fraud, and
 4 malice in intentionally infringing Plaintiff's trademark.

5 **B. Defendant's Position**

6 Defendant denies Plaintiff is entitled to any relief of any kind, and seeks a judgment entered in
 7 its favor, an award of attorneys' fees and costs, and such other relief as this Court deems appropriate.
 8 To the extent the Plaintiff were to succeed on one or more of its claims, relief should be limited to
 9 Plaintiff's actual damages or Lightning Labs' profits from the TARO protocol, because Plaintiff cannot
 10 prove that any of the alleged infringement was willful, intentional, fraudulent, malicious, or oppressive,
 11 and Plaintiff is not entitled to an injunction because damages are adequate to compensate Tari Labs for
 12 any harm it purportedly suffered. Nor would Plaintiff be entitled to an award of attorneys' fees, as this
 13 is not an "exceptional case" under applicable law.

14 **XII. SETTLEMENT AND ADR**

15 The Parties have met and conferred regarding ADR options. The Parties agree that ADR is
 16 premature until after resolution of the pending Motions for a Temporary Restraining Order and for a
 17 Preliminary Injunction. (Dkt. No. 25.)

18 **XIII. OTHER REFERENCES**

19 The Parties agree that no other references are appropriate at this time.

20 **XIV. NARROWING OF ISSUES**

21 At this time, the Parties have not identified any further issues that can be narrowed by
 22 agreement or motion (other than the issues and motions discussed herein). The issues in this case may
 23 be narrowed after the Court rules on Plaintiff's Motions for a Temporary Restraining Order and for a
 24 Preliminary Injunction.

25 At this time, the Parties do not anticipate that it will be necessary to bifurcate any issues,
 26 claims, or defenses.

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1 **XV. EXPEDITED TRIAL PROCEDURE**

2 The Parties do not agree this case should be handled under an expedited trial procedure.

3 Plaintiff respectfully seeks a trial date in April 2024.

4 **XVI. SCHEDULING**

5 **A. Plaintiff's Position**

6 Plaintiff proposes the following deadlines and notes that its lead counsel has competing trials
dates in August, September, and November 2023 for cases commenced prior to 2022:

Event	Date Event Commences / Deadline
Deadline to Amend	May 5, 2023
Close of Fact Discovery	August 18, 2023
Close of Expert Discovery	November 3, 2023
Deadline to File Dispositive Motions	December 15, 2023
Deadline to file Opp. to Dispositive Motions	January 26, 2024

14 **B. Defendant's Position**

15 Defendant proposes the following deadlines:

Event	Date Event Commences / Deadline
Deadline to Amend	July 1, 2023
Close of Fact Discovery	July 14, 2023
Close of Expert Discovery	September 15, 2023
Deadline to File Dispositive Motions	October 20, 2023
Deadline to file Opp. to Dispositive Motions	November 17, 2023

23 **XVII. TRIAL**

24 Plaintiff requests a trial by jury. The Parties agree that the scope and length of trial is
dependent, in part, on the outcome of Plaintiff's Motion for Preliminary Injunction.

26 **XVIII. DISCLOSURE OF NON-PARTY INTERESTED ENTITIES OR PERSONS**

27 Plaintiff and Defendant filed their respective Certificate of Interested Entities or Persons on
December 16, 2022 (Dkt. No. 7) and February 28, 2023 (Dkt. No. 42) respectively.

1 **XIX. PROFESSIONAL CONDUCT**
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3 All attorneys of record have reviewed the Guidelines for Professional Conduct for the
4 Northern District of California.
5

6 Dated: March 6, 2023
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8 Respectfully submitted,
9

10 BRAUNHAGEY & BORDEN LLP
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12 By: /s/ J. Noah Hagey
13 J. Noah Hagey
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15 *Attorneys for Plaintiff*
16 *Tari Labs, LLC*
17

18 Dated: March 6, 2023
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20 Respectfully submitted,
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22 DEBEVOISE & PLIMPTON LLP
23

24 By: /s/ Megan K. Bannigan
25 Megan K. Bannigan
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27 *Attorneys for Defendant*
28 *Lightning Labs, Inc.*
29

30 *(With consent)*
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